



April 8, 2021

Oregon Small Woodlands Association Testimony on HB 2379

Chair Nathanson and Members of the Committee,

My name is Roger Beyer and I am here representing OSWA in opposition to HB 2379. I would like to start by saying that OSWA agrees with and supports the testimony given by Chris Edwards and Tyler Ernest of OFIC and by the others who testified today in opposition.

I would like to focus on two parts of the bill and amendment, the amount of the tax increase proposed and the elimination of general fund for the base fire protection system eastern Oregon.

First, under this bill the current volume-based tax is eliminated and replaced by a severance tax based on value. OSWA opposes a value-based tax because it treats landowners differently, depending on the price received for logs and the costs to produce them.

If one assumes current value for logs in northwest Oregon is \$750/MBF, the 3% tax equals \$22.50/MBF if based on volume. This means the 3% rate would be a tax increase of 545% over the current rate. At \$400/MBF, the tax increase is 290% and at \$900/MBF it is 653%. All an enormous increase.

While we appreciate this bill retains the 25MBF exemption I need to point out that very few landowners harvest in a manner that they stay below this amount annually. Most landowners time their harvests to peaks in log markets, and then don't harvest again for a designated time. A harvest must have enough volume that they can hire a logger and at an affordable price. They work on a sustained yield basis but not harvesting annually. All timber owners get the same exemption each year, so it means the same for all landowners, regardless of ownership.

Finally, I want to speak to the removal of general fund for eastern Oregon landowners found in section 34 of the amendment. The 2013 wildfire protection act established this program because the legislature recognized that the annual fire protection budgets for landowners in eastern Oregon had grown to the point of being un-affordable. This problem had become worse as log markets in the region had disappeared at the same time fire budgets were increasing. To stop landowners from converting timber tracts to other uses, just to avoid the

annual fire protection costs, the legislature offered the \$1 million annually to help combat the rate increases. As log markets in eastern Oregon have not improved in the last 8 years, eliminating this now would reverse that trend.

Thank you for the opportunity to testify and I would be happy to answer questions.